



WASHINGTON, D.C. 20301

9 MAY 1983

POLICY

MEMORANDUM FOR THE EXECUTIVE SECRETARY, INTERAGENCY GROUP/  
COUNTERMEASURES

SUBJECT: Draft NSC Memorandum Industrial Security

At the 14 April meeting of the IG/CM, it was agreed that the proposed national policy statement in the area of industrial security -- dealing with the ownership of U.S. firms by foreign interests -- would be placed in the form of an NSC memorandum, rather than as an amendment to E.O. 12356 or ISOO Directive No. 1.

Accordingly, the proposed memorandum has been prepared, incorporating what had previously been agreed to by the IG/CM without objection. Request that copies be provided IG/CM members in advance of the next meeting, so that this memorandum may be considered for transmittal to the SIG-I.

*L. Britt Snider*

L. Britt Snider  
Director for Counterintelligence  
and Security Policy  
OSD Member

Attachment 1  
Proposed Memorandum

ATTACHMENT 3

UNCLASSIFIED

9 MAY 1983

## MEMORANDUM

SUBJECT: Safeguarding Classified Information in U.S. Firms  
Owned, Controlled, or Influenced by Foreign Interests

Investments by foreign companies and individuals in United States firms are becoming increasingly prevalent. Some of these firms may currently hold, or have heretofore held, security clearances in connection with work performed under contract with the United States Government.

As a general rule, classified information shall not be made available to U.S. industrial firms when the degree of ownership, control or influence from a foreign source is such that a reasonable basis exists for concluding that compromise of such information is likely to result. All departments and agencies which let contracts involving U.S. classified information shall ensure through appropriate means that this policy is adhered to and implemented in their contracting procedures.

Unless otherwise precluded by law, departments and agencies which hold information regarding U.S. firms that may be affected by this policy shall, on request, provide other executive departments and agencies information in their possession that is relevant to the determination of foreign ownership, control or influence. Moreover, a general and routine exchange of foreign investment information is encouraged in the interests of national security.

Nothing in this memorandum shall be interpreted to alter or modify E.O. 10865 as amended, or intra-agency arrangements for industrial security established pursuant to such order.

William P. Clark